GOVERNMENT OF INDIA
PLANNING
LOK SABHA

STARRED QUESTION NO:257
ANSWERED ON:02.08.2017
Contract Farming
Ahlawat Smt. Santosh;Saraswati Shri Sumedhanand

Will the Minister of PLANNING be pleased to state:

(a) whether NITI Aayog is drawing up a model law of contract farming to protect farmers against price volatility, particularly in perishables items like onions, tomatoes and potatoes;

(b) if so, the details and the present status thereof;

(c) whether the new model law would be an improved version, keeping in mind utmost safeguard for small and marginal farmers and if so, the details thereof;

(d) whether besides the law of contract farming, States will also be urged to de-notify perishable items like fruits and vegetables from the Agricultural Produce Market Committee (APMC) Act so that farmers can sell their products in the open market for better prices; and

(e) if so, the details thereof?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) FOR MINISTRY OF PLANNING AND MINISTER OF STATE FOR MINISTRY OF HOUSING & URBAN AFFAIRS

(RAO INDERJIT SINGH)

(a) to (e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (e) LOK SABHA STARRED QUESTION NO. *257 FOR 02.08.2017 RAISED BY SHRI SUMEDHANAND SARASWATI; SHRIMATI SANTOSH AHLAWAT REGARDING CONTRACT FARMING

(a) & (b) In order to integrate fruits and vegetable growers with agro- processing units for better price realization to the farmers and reduction of post-harvest losses, the Union Finance Minister in budget speech for 2017-18 announced to formulate a Model "Contract Farming Act" and circulate the same to the States for its adoption. In pursuance, a Committee has been constituted in the Department of Agriculture, Cooperation & Farmer Welfare (DACFW), Ministry of Agriculture & Farmers Welfare under the Chairmanship of Additional Secretary of the Department to draft a holistic, progressive and facilitative Model Law on Contract Farming to, inter alia, protect the farmers against price volatility, more so in perishables fruits and vegetables. Representatives of NITI Aayog, Department of Revenue, Ministry of Finance and progressive States are the members of the Committee. The 1st meeting of the Committee has already been held on 19th April, 2017.

(c) The new Model Law on Contract Farming would not only be improved version of existing provisions made in Model Agricultural Produce Marketing Committee (APMC) Act, 2003, but also be a holistic, progressive and facilitative law, providing equitable safeguard to both farmers and contract farming sponsors. It would also address the issues relating to fixing of pre-agreed & payment prices, delivery of entire produce of farmers, immediate payment and quick & accessible dispute resolution mechanism.

(d) & (e) In order to provide freedom to the farmers to sell their fruits & vegetables to the buyers and channels of their choice, facilitating the development of alternative marketing channels for better and competitive prices to farmers, Government is urging the States to deregulate marketing of fruits & vegetables outside the market yards with additional option of selling the same in the mandis. So far, 14 States have deregulated/delisted and exempted market fee on fruits and vegetables, though in varied ways. The details are given at Annexure-I.

Annexure-I
State-wise status on deregulation/ delisting and exemption of market fee on Fruits &Vegetables:

1. Assam has cancelled Fruits and Vegetables from the relevant Schedule of the State APMC Act on 13.1.2014.
2. Delhi has ceased regulation outside redefined market yard'/ sub-yards' area of APMC, MNI, Azadpur, APMC, Keshopur and APMC Shahdara w.e.f 02.09.2014.
3. Chhattisgarh has exempted the market fee on Fruits and Vegetables w.e.f 19.12.2012 till further order.
4. Gujarat has cancelled Fruits and Vegetables from the schedule appended to the APMC Act on 16.04.2015 and has recently

imposed user charge.
5. Himachal Pradesh has on 14.1.14, exempted mandi fee on all Fruits and Vegetables except Apple. Later on State imposed service charges in place of market fee.
6. Haryana on 7.2.2014 reduced market fee (1%) and HRDF (1%) on all Fruits and Vegetables from 1% to 0%.
7. Karnataka amended its State APMC Act on 04.01.2014 providing therein that no market fee is leviable on Flowers, Fruits and Vegetables. Instead, the Market Committee may collect user charges in respect of above articles
8. Madhya Pradesh has on 27.01,2012 put Fruits and Vegetables outside the ambit of market regulation when purchased or sold outside the notified market yard while continuing regulation on trade transactions taking place in the notified market yard. Subsequently, vide notification dated 8.11.2012, de-regulation on marketing of banana outside notified market yard was withdrawn.
9. Maharashtra through an ordinance on 5th July, 2016 made the provision in the Act that marketing of fruits, vegetables and condiments, spices and others (ginger, garlic, coriander and chillies) by any person outside the market shall not require any license or permission, and marketing of above agricultural produces shall not be regulated by Market Committee.
10. Meghalaya has omitted Fruits and Vegetables (except Potato) from the Schedule of the Meghalaya Agricultural Produce Market Act, 1982 on 15.01.2014.
11. Nagaland has on 06.08.2013 exempted collection of market fee on all Horticultural Commodities.
12. Odisha has excluded Fruits and Vegetables from the definition of notified agriculture produce on 16.02.2015.

13. Rajasthan has on 05.06.2013 reduced market fee to 0.01 % on Fruits and Vegetables and later imposed user charge.

14. West Bengal has excluded Fruits and Vegetables from the Schedule of the State APMC Act for the purpose of not levying the market fee in the State on 27.11.2014.

Note: In Bihar, Kerala, Manipur and Union Territories (except Chandigarh), there is no APMC Act hence there is no regulation on marketing of Fruits and Vegetables. Further, in Sikkim and J&K, APMC Act is not implemented.